

## TERMS AND CONDITIONS OF PURCHASE – ATTACHMENT 1

**1. ACCEPTANCE:** This purchase order constitutes the Buyer's offer to the Seller. The terms and conditions of this offer must be accepted by the Seller. Upon the failure of the Seller to acknowledge this purchase order in writing and agree to its terms the commencement of performance required by this offer shall be conclusive evidence of the Seller's approval of, and consent to, the terms and conditions of purchase herein contained. These Terms and Conditions supersede all inconsistent printed terms on Seller's purchase order form, shipping order form or any other written document provided by Seller to Buyer. These terms may be varied only by a conspicuous written notation on the front of this form, or by an express provision of a separate agreement, but any such specific conspicuous written notation must be signed individually by an authorized agent of Buyer.

**2. PACKING:** Unless this order states otherwise, no charge shall be made for packing, crating, drayage or other similar costs. Goods shall be packed in accordance with good commercial practice to ensure against damage from weather and/or transportation.

**3. INSPECTION AND PAYMENT:** Goods purchased hereunder are subject to final inspection and acceptance at Buyer's plant, notwithstanding any other inspection, unless otherwise specifically stated on this order. The risk of loss of any materials or goods purchased hereunder shall pass to Buyer only upon Buyer's completion of its final inspection and Buyer's acceptance thereafter of the materials or goods. Neither compliance by Seller with instructions or suggestions by any employee of Buyer or Buyer's payment of Seller's invoice for any goods prior to final inspection shall be deemed an acceptance of the goods or a waiver of the right of inspection or any other right herein reserved, or relieved Seller of any obligation or liability under the terms and conditions of this purchase order. Defective goods will be rejected by the Buyer and the aggregate unit prices thereof may be debited against the invoice covering the shipment in which such defective goods are rejected by Buyer, may be debited by Buyer against any other invoices of Seller to Buyer, or may be invoiced by Buyer to Seller for refund. Articles rejected will be held at Seller's risk and subject to Seller's disposal for a reasonable time and, if not disposed of by the Seller, will be sold or otherwise disposed of by the Buyer for the Seller's account.

**4. WARRANTY:** Seller warrants that the goods delivered hereunder will conform to final specifications, drawings or other descriptions agreed in writing to be applicable, that they will be free from defects in material and workmanship and, to the extent that such goods are not manufactured pursuant to detailed designs furnished by Buyer, that they will be free from defects in design and suitable for the intended purposes of Buyer. This warranty shall run to the Buyer, its successors, assigns, customers and users of the products including or incorporating goods covered by this purchase order. Goods ordered to United States Government specifications shall comply with such specifications as are current at the date of this order, unless otherwise particularly specified by the Buyer.

**5. PATENT, DESIGN, COPYRIGHT AND TRADEMARK INDEMNITY:** In consideration of the purchase of the goods described herein, Seller agrees to save harmless, indemnify, protect and defend Buyer, its successors, assigns, shareholders, officers, directors, agents, customers and users of its products against all suits at law or in equity, and all claims, demands, damages, costs and judgments arising out of or due to actual or alleged infringement of any patent, industrial design, copyright or trademark or arising out of or due to any actual or alleged passing off together with all expenses, including attorney's fees incurred by Buyer in connection therewith by reason of sale or use of the goods purchased except those specifically designed by Buyer. Buyer agrees to notify Seller promptly of any suit or claim against Buyer for any alleged infringement or passing off related to the subject goods.

**6. (a) TOOLS, MACHINERY AND INFORMATION:** Any designs, sketches, drawings, blueprints, patterns, information, dies, molds, models, tools, gauges, materials, equipment, machinery or special appliances ("data, tooling and equipment") provided by Buyer to Seller or made or procured by Seller pursuant to or for the production of product covered by this order are and shall remain the exclusive property of the Buyer and Seller shall have no right, title or interest therein except the express limited right for the use of same as contemplated by this purchase order agreement. Seller shall not license, sell, transfer, lease, encumber, or otherwise dispose of any data, tooling and equipment provided by Buyer or produced pursuant to this purchase order, or any interest therein, and any attempt to do so shall be null and void and of no force or effect. If requested by Buyer, Seller shall execute a UCC-1 Financing Statement recognizing Buyer's title to the data, tooling and equipment. Seller agrees that the data, tooling and equipment shall be used exclusively in the production for Buyer of products required by this order and Seller agrees to promptly return, upon request by the Buyer, all data, tooling and equipment and/or other materials provided by Buyer to Seller or produced in connection with this purchase order. The Seller shall establish procedures for the adequate storage, maintenance and inspection of Buyer's data, tooling and equipment and shall maintain inspection records available to Buyer upon request.

**(b) GOVERNMENT AUTHORIZATION TO SUPPLIER:** To the extent authorized by the U.S. Government by direct contract with Seller for the manufacture of products for direct sale to the U.S. Government, and to the extent that such use will not interfere with Seller's performance of this or other orders from Buyer, in effect at the time the Seller enters into such direct contract with the government, or thereafter, and upon written notice to Buyer of such government authorization and the contract number, Seller shall have the right to use the data, tooling and equipment described above, which the government owns or has the right to use or the right to authorize others to use.

**7. (a) PROPRIETARY INFORMATION:** Seller recognizes that the data, tooling and equipment provided by Buyer under this Agreement may contain valuable Trade Secrets belonging to the Buyer. Seller also agrees that all Proprietary Information which comes into the Seller's possession is and remains the property of the Buyer. Such Proprietary Information shall be defined to mean any and all information obtained by the Seller or which comes to the Seller's attention in whatever form by whatever means in connection with Seller's performance under this Agreement including but not limited to technical, financial or other business information and any concepts or ideas related to the Buyer or its business, whether or not confidential, provided that Proprietary Information shall not

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include any information which is previously known to Seller or is in the public domain by reason other than a breach of this Agreement and provided further that Seller shall have the burden of proof concerning such exceptions. Seller shall take all reasonable steps necessary to protect Buyer's Trade Secrecy rights in the data, tooling and equipment, and any other such Proprietary Information including restricting access to the data, tooling and equipment to employees of Seller who have executed and delivered confidentiality and non-disclosure agreements in the form satisfactory to Buyer. Neither Seller nor any of Seller's employees or agents shall be permitted to copy, reproduce, photograph, sketch or otherwise make duplicates or facsimiles of any of Buyer's data, tooling and equipment, documents or otherwise use any of the trade Secrets of Proprietary Information contained therein, unless the express prior written consent of Buyer is obtained.

**(b) EXPORT CONTROL:** Seller agrees that unless prior written authorization is obtained from the Department of State or Office of Export Administration, Department of Commerce, U.S. Government, or successor organizations, that Seller will not knowingly export or re-export, directly or indirectly, any technical data or the direct product of such technical data, acquired under this Agreement and then only with the prior written consent of the Buyer.

**(c)** If data is provided to the Seller under this purchase order and such data is not marked with a Talley Proprietary Notice, such data may be used in the performance of a U.S. Government Contract.

**8. REWORK:** Buyer shall have the right at its option to rework defective goods delivered by Seller hereunder. The cost of any rework that the Buyer performs to bring goods within manufactured tolerance and specifications, will be charged to Seller by Buyer in the same manner as provided for rejected goods in paragraph 3 above.

**9. TAXES:** Buyer shall not be liable for any federal, state or local taxes unless separately stated on this purchase order.

**10. TERMINATION:** (a) Buyer may terminate or cancel this order, in whole or in part, without liability to the Buyer, if deliveries are not made at the time and in quantities specified, or in the event of a substantial breach of any other terms or conditions hereof;

(b) Buyer also may terminate this order, in whole or in part, even though Seller is not in default hereunder and no breach hereof has occurred, by notice in writing at any time; such notice shall state the extent and effective date of termination and upon the receipt by Seller of such notice, Seller will, as and to the extent prescribed by the Buyer, stop work under this order and placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which the Buyer has or may acquire an interest. If the parties cannot by negotiation agree within (60) days from the date of the termination notice, or within such further times as may be agreed by the parties, upon the amount of fair compensation to Seller for termination pursuant to the immediately preceding sentence (b), Buyer in addition to making prompt payment of amounts due for articles delivered or services completed in accordance with this contract prior to the effective date of termination will pay to Seller, in full settlement of all claims of Seller by reason of such termination, the following without duplication; (i) the contract price for goods or services completed in accordance with the contract and not previously paid for; (ii) actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of the contract, including liabilities to subcontractor which are so allocable, and excluding any charge for interest or materials which may be diverted to other orders, plus a reasonable profit on work actually done by Seller prior to such termination provided that the total settlement shall not exceed the contract price of goods included in the termination portion of the contract.

(c) Termination by Buyer under this paragraph shall be without prejudice to any claims for damages or otherwise of Buyer against the Seller.

(d) Buyer shall have the right to audit all elements of any termination claim and Seller agrees to make available to the Buyer at its request all books, records and papers relating thereto.

**11. CHANGES:** Buyer reserves the right at any time to make changes in drawings, designs, or specifications as to any material and/or works covered by this order, shipping and packing instructions, the delivery schedule, quantities ordered, or place of delivery. In such event there will be made an equitable adjustment of price and time of performance, mutually satisfactory to the Buyer and Seller. Any claim by the Seller for adjustment under this clause must be submitted in writing to Buyer within thirty (30) days from the date of advice to Seller by the Buyer of the notification of change. Where materials or parts are made obsolete or unusable as a result of a change and the cost thereof is included in the Seller's claim for adjustment, the Buyer shall have the right to prescribe the manner of disposition of such materials or parts.

**12. INSOLVENCY AND BANKRUPTCY:** In the event Seller shall become insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition in bankruptcy or for reorganization, or pursues any other remedy under any law relating to the relief of debtors, or in the event a receiver be appointed of Seller's property or business, Buyer may at its option, cancel this order.

**13. COMPLIANCE WITH APPLICABLE LAWS:** Seller agrees to comply with all applicable Federal, State, and local laws and executive orders and regulations. Seller's invoices shall certify that goods covered thereby were produced in compliance with all applicable requirements to the Fair Labor Standards Act as amended, including Sections 6, 7 and 12 thereof, and the regulations and orders of the U.S. Department of Labor issued under Section 14 thereof. Seller agrees to comply with all provisions of the Occupational Safety and Health Act of 1970. By acceptance of this order, Seller certifies that all goods supplied under this order will conform and

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comply with said act. Seller further agrees to indemnify and hold Buyer harmless for all damages assessed against Buyer as a result of Seller's failure to comply with said Federal, State or local laws or for failure of goods furnished under this order to so comply.

**14. NON-ASSIGNMENT:** This order is placed upon the condition that Seller shall not assign it or any interest therein, including any payment due or to become due with respect there to, and any assignment or any attempt to assign shall be void without Buyer's prior written consent, and the Buyer shall be entitled at all times, to set off any amounts owing from the Seller to the Buyer against any amount due or owing Seller with respect to this order.

**15. SUBCONTRACTS:** Except for goods proprietary to Seller, no subcontracts hereunder shall be made by the Seller herein with any other party for furnishing any of the completed or substantially completed goods, any spare parts or work herein contracted for, without prior written consent of the Buyer and Buyer's approval as to source, which approval Buyer may withhold in its sole discretion.

**16. ADVERTISING:** Seller shall not, without prior written consent of the Buyer, in any manner advertise or publish the fact that the Buyer has placed this order. Notwithstanding the aforesaid restriction, Seller is authorized to provide any such information to the Government if requested to do so by the Government.

**17. NOTICE OF LABOR DISPUTES:** Whenever any actual or potential labor disputes is delaying or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto to the Buyer.

**18. APPLICABLE LAW:** This order shall be construed in accordance with the laws of Arizona and shall be deemed to be made in and a contract of the State of Arizona, without regard to its principles regarding conflict of laws. Buyer and Seller agree that any dispute arising out of or resulting from the transaction subject to these Terms and Conditions shall only be brought in a state or federal court located in the State of Arizona and the parties agree to submit to the jurisdiction of such court.

**19. MECHANIC'S LIEN AND INDEMNITY:** If this order calls for work to be performed upon property owned or controlled by Buyer it is agreed that:

(a) Seller will keep the premises and work free and clear of all mechanics' liens, and agrees to furnish Buyer such affidavits and waivers as, in Buyer's opinion, are necessary or appropriate to ensure immunity from mechanic's liens arising from the performance of this order, all as a condition precedent to any payment by Buyer hereunder;

(b) The work will remain at Seller's risk prior to written acceptance by Buyer and Seller will replace at his own expense all work damaged or destroyed by fire, force or violence of the elements or any other cause whatsoever;

(c) Seller will indemnify, save harmless, and defend Buyer, its shareholders, officers, directors, agents, customers or users from all liability for loss, damage or injury to person or property, contamination of or adverse effect on the environment or natural resources, in any manner arising out of or incident to Seller's performance of this contract or any actions or claims which may arise from the use of Seller of the data, tooling and equipment provided by Buyer or produced under this order;

(d) Seller will indemnify, save harmless, and defend Buyer from any and all claims, demands or suits made or brought against Buyer on account of any of the terms or provisions of any applicable Workmen's Compensation Law and will furnish Buyer with proper evidence that Seller is insured against all liability under such law.

**20. PERFORMANCE:** Time is of the essence with respect to performance and delivery by Seller. Without intent to limit any other remedies which may be available to Buyer at law or otherwise by reason of or as a result of failure or delay in performance or delivery by Seller, Seller specifically acknowledges that Buyer shall be entitled to be paid by Seller, or at Buyer's option to reduce any compensation or payment due at any time to Seller, for any costs, expenses, or damages incurred by Buyer by reason of or in any way as a result of Seller's failure or delay in performance or delivery, including without limitation any costs, expenses, or damages which Buyer is required or becomes obliged to pay to any customer of Buyer or any reduction in compensation or payment received from any customer of Buyer.

**21. GENERAL:** All warranties shall be construed as conditions as well. No waiver of a breach or of any provision of this order shall constitute a waiver of any other breach or of such provisions. No modification or change in, or departure from, the provisions of this order shall be valid or binding on the Buyer unless approved by Buyer in writing. Any failure of Seller to comply with any obligation, covenant, agreement or conditions herein may be expressly waived by Buyer, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of or estoppel with respect to, any subsequent failure. The invalidity or unenforceability of any provision of these Terms and Conditions shall not affect the validity or enforceability of any other provision of these Terms and Conditions, which shall remain in full force and effect.

## TERMS AND CONDITIONS OF PURCHASE- ATTACHMENT 2

Additional Terms and Conditions applicable to purchase orders placed under Government contracts or subcontracts. Where a conflict occurs between terms of Attachment 1 and terms of Attachment 2, the terms of Attachment 2 shall prevail.

**(a) FEDERAL ACQUISITION REGULATION:** This purchase order is issued for materials or equipment required for performance of a Government contract or sub-contract and is subject to the following provisions of the Federal Acquisition Regulation and the Department of Defense FAR Supplement as though fully set forth herein. Except as otherwise indicated, in the application of such provisions, the term 'contractor' shall mean 'Seller', the term 'Government' or 'Contracting Officer' shall mean 'Buyer' and when necessary to effectuate the purpose of the clause the term 'Contract' shall mean 'this order'. The effective date of all the cited DFARS and FAR referenced clauses is the same date of the corresponding clause in the Prime Contract.

### FAR Clause

52.202-1	Definitions
52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.203-6	Restrictions on Subcontractor Sales to the Government
52.203-7	Anti-Kickback Procedures
52.203-8	Cancellation, Rescission and Recovery of Funds for Illegal or Improper Activity
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (if Order Exceeds \$100,000)
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (if Order Exceeds \$100,000)
52.203-13	Contractor Code of Business Ethics and Conduct (APR 2010)
52.204-2	Security Requirements
52.204-7	Central Contractor Registration
52.204-9	Personal Identity Verification of Contractor Personnel
52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended or Proposed for Debarment
52.211-5	Material Requirements
52.211-15	Defense Priority and Allocation Requirements
52.214-26	Audit and Records - Sealed Bidding
52.214-27	Price Reduction for Defective Cost or Pricing Data - Modifications - Sealed Bidding
52.214-28	Subcontractor Cost or Pricing Data - Modifications - Sealed Bidding
52.215-2	Audit and Records - Negotiation
52.215-10	Price Reduction for Defective Cost or Pricing Data
52.215-11	Price Reduction for Defective Cost or Pricing Data--Modifications
52.215-12	Subcontractor Cost or Pricing Data
52.215.13	Subcontractor Cost or Pricing Data – Modifications
52.215-14	Integrity of Unit Prices (excluding (b) – applies if Order Exceeds FAR simplified acquisition threshold)
52.215-15	Pension Adjustments and Asset Reversions (applicable per FAR 15.408(g))
52.215-18	Reversion or Adjustment of Plans for PRB Other Than Pensions (applicable per FAR 15.408(j))
52.215-19	Notification of Ownership Changes
52.215-21	Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data - Modifications
52.216-7	Allowable Cost and Payment (only for Cost-Reimbursable subcontracts)
52.219-8	Utilization of Small Business Concerns
52.219-9	Small Business Subcontracting Plan
52.219-6	Liquidated Damages – Subcontracting Plan
52.222-1	Notice to the Government of Labor Disputes
52.222-3	Convict Labor
52.222-19	Child Labor – Cooperation with Authorities and Remedies
52.222-4	Contract Work Hours and Safety Standards Act
52.222-6	Davis-Bacon Act
52.222-20	Walsh Healey Public Contracts Act
52.222-21	Prohibition of Segregated Facilities
52.222-22	Previous Contracts and Compliance Reports
52.222-29	Notification of Visa Denial
52.222-41	Service Contract Act of 1965 as Amended
52.222-26	Equal Opportunity (if Order Exceeds \$10,000)
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans (if Order Exceeds \$100,000)
52.222-36	Affirmative Action for Workers with Disabilities (if Order Exceeds \$10,000)
52.222-37	Employment Reports on Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (if Order Exceeds \$100, 000)
52.222-39	Notification of Employee Rights Concerning Payment of Union Dues or Fees

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52.222-50	Combating Trafficking in Persons (FEB 2009)
52.223-3	Hazardous Material Identification and Material Safety Data
52.223-6	Drug Free Workplace
52.223-11	Ozone Depleting Substances
52.223-13	Certification of Toxic Chemical Release Reporting (if Order Exceeds \$100,000)
52.223-14	Toxic Chemical Release Reporting (if Order Exceeds \$100,000)
52.222-54	Employment Eligibility Verification (if Order Exceeds \$100,000)
52.225-1	Buy American Act - Supplies
52.225-13	Restrictions on Certain Foreign Purchases
52.227-1	Authorization and Consent
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.227-3	Patent Indemnity
52.227-9	Refund of Royalties
52.227-10	Filing of Patent Applications - Classified Subject Matter
52.228-5	Insurance –Work on a Government Installation
52.229-3	Federal, State and Local Taxes
52.230-2	Cost Accounting Standards – except (b)
52.230-3	Disclosure and Consistency of Cost Accounting Practices – except (b)
52.230-4	Disclosure and Consistency of Cost Accounting Practices for Contracts Awarded to Foreign Concerns
52.230-6	Administration of Cost Accounting Standards
52.232-1	Payments
52.232-16	Progress Payments
52.233-1	Disputes
52.233-4	Applicable Law for Breach of Contract Claim
52.236-13	Accident Prevention
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.242-13	Bankruptcy
52.242-15	Stop-Work Order
52.243-1	Changes - Fixed Price
52.243-6	Change Order Accounting
52.244-2	Subcontracts
52.244-4	Subcontractors and Outside Associates and Consultants
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items
52.245-1	Government Property
52.246-2	Inspection of Supplies - Fixed Price
52.246-16	Responsibility for Supplies
52.247-63	Preference for United States Flag Air Carriers
52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels
52.248-1	Value Engineering (if Order Exceeds \$100,000)
52.249-1	Termination for Convenience of the Government (Fixed Price) (Short Form)
52.249-2	Termination for Convenience of the Government (Fixed Price)
52.249-8	Default (Fixed-Price Supply and Service)

**DoD FAR Supplement Clause**

252.203-7001	Prohibition on Persons Convicted of Fraud or other Defense Contract Related Felonies
252.203-7002	Requirement to Inform Employees of Whistleblower Rights
252.204-7000	Disclosure of Information
252.204-7008	Requirements for Contracts Involving Export-Controlled Items (APR 2010)
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By the Government of a Terrorist Country
252.215-7000	Pricing Adjustments
252.215-7002	Cost Estimating System Requirements
252.215-7003	Excessive Pass-Through Charges – Identification of Subcontract Effort
252.219-7003	Small Business Subcontracting Plan (DOD Contracts)
252.222-7000	Restrictions on Employment of Personnel
252.223-7001	Hazard Warning Labels
252.223-7002	Safety Precautions for Ammunition and Explosives
252.223-7003	Change in Place of Performance – Ammunition and Explosives
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials

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252.223-7007	Safeguarding Sensitive Conventional Arms, Ammunition and Explosives
252.225-7001	Buy American Act and Balance of Payments Program
252.225-7002	Qualifying Country Sources as Subcontractors
252.225-7004	Reporting of Intended Performance Outside the United States and Canada – Submission after Award
252.225-7007	Prohibition on Acquisition of US Munitions List Items from Communist Chinese Military Companies
252.225-7013	Duty Free Entry
252.225-7012	Preference for Certain Domestic Commodities
252.225-7014	Preference for Domestic Specialty Metals (Alternate I)
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings
252.225-7025	Restriction on Acquisition of Forgings.
252.225-7030	Restriction on Acquisition of Carbon, Alloy and Armor Steel Plate
252.225-7032	Waiver of United Kingdom Levies – Evaluation of Offers
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (if Order Exceeds \$500,000)
252.227-7013	Rights in Technical Data – Noncommercial Items
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
252.227-7016	Rights in Bid or Proposal Information
252.227-7030	Technical Data - Withholding of Payment
252.227-7037	Validation of Restrictive Markings on Technical Data
252.235-7003	Frequency Authorization
252.243-7001	Pricing of Contract Modifications
252.243-7002	Requests for Equitable Adjustment
252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea

*Continuing in addition to the FAR and DFAR clauses in (a), the following Terms and Conditions are applicable to any purchase orders placed under Government contracts or subcontracts. Where a conflict occurs between terms of Attachment 1 and terms of Attachment 2, the terms of Attachment 2 shall prevail.*

**(b) COMPLIANCE:** In the performance of this purchase order, Seller agrees to comply with all applicable Federal, State and local Laws and with the applicable rules, orders and regulations of any governmental agency, department or bureau, provided that nothing herein contained shall be construed as preventing Seller from contesting in good faith the validity or applicability of any such law, rule, order or regulation. Seller warrants that, as applicable to any firearm, ammunition or explosive material it produces or supplies, it is in compliance with all federal, state and local laws which include but are not limited to the Federal Gun Control Act (18 U.S.C. § 921 et seq.; 27 C.F.R. Part 478), the National Firearms Act (26 U.S.C § 5801 et seq.; 27 C.F.R. Part 479) and Federal explosives law, amended by the Safe Explosives Act (18 U.S.C § 841 et. seq.; 27 C.F.R. Part 555). Seller will defend and hold Buyer harmless for any loss, damages or costs arising from or caused in any way by any actual or alleged violation of any federal, state, or local law, ordinance, regulation or statute in Seller's performance of this order.

**(c) EMPLOYMENT OF ALIENS:** If this order calls for furnishing or constructing aircraft parts or aeronautical accessories, the Seller agrees that no aliens employed by the Seller shall be permitted to have access to the plans or specifications, or the works under construction, or to participate in the contract trials, without the written consent beforehand of the Secretary of the Department of the Army, the Navy, or the Air Force as the case may be.

**(d) DISPUTES:** (a) Buyer agrees to file all reasonable claims, submitted by the Seller, against the Government under the 'Disputes' clause of the prime contract on behalf of and in full cooperation with the Seller through administrative procedures and the Courts. The Seller shall be responsible for preparation and active prosecution of the claims, to the extent permitted by the Government, and shall bear all expenses, including expenses of Buyer, incidents to prosecution of the claim. (b) The Seller agrees that liability of the Buyer for any matter arising during performance of the subcontract which properly the subject of claim against the Government under the 'Disputes' clause of the prime contract is liquidated and limited to whatever the Buyer receives from the Government of the Seller's claim, less whatever markup is specifically allowed by the Government. (c) In the event that there are acts, liabilities or responsibilities not the proper subject matter of a claim against the Government under the 'Disputes' clause of the prime contract and which are the subject of litigation between the parties hereto, then it is agreed that nothing said or written in the prosecution of the claims against the Government will be used as an admission or declaration against interest against any party in such litigation. (d) Final determination by the appropriate Board or Courts of the claims against the Government as to whether the subject in dispute is properly that of a claim under the 'Disputes' clause of the prime contract shall be binding on the parties hereto.